

In other words, what to *Reuters* is "a long time" is actually at most a couple years.

#### IV. Innovator vs. Follower -- The Eternal False Debate

Samsung's problem wasn't that it was being viewed as a follower. That's a strong opinion. Samsung's brand problem was that customers didn't have a strong opinion about it, good or bad. That's a primary reason why Samsung has for the last decade been steadily ramping up advertising spending -- it wanted customers to care.

And care they did. If anything, the criticism conveys that Samsung is a brand today that inspires strong passions, not the lukewarm acknowledgements of a decade past. To many Android fans Samsung represents freedom and innovation. To Apple fans it's a "follower", a "copycat". Both sides could make convincing arguments, but at the end of the day it's a matter of opinion in many regards.

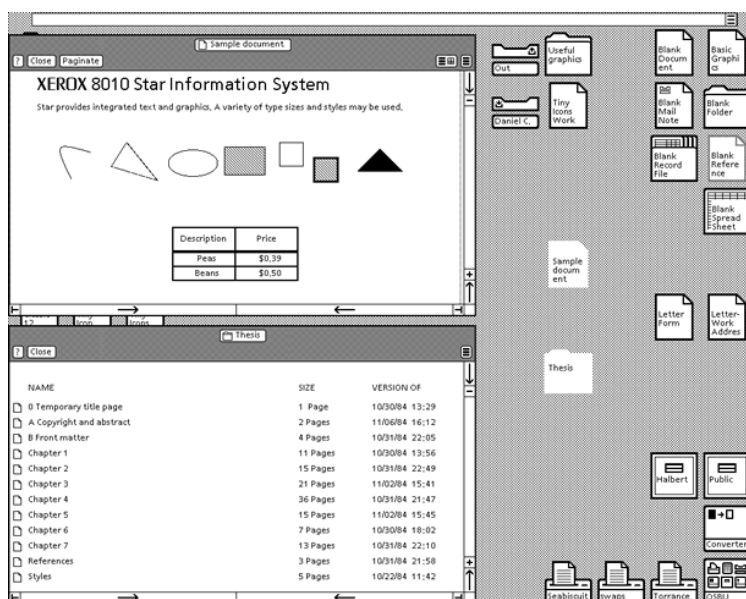


Apple may have accused Samsung of being a copycat, but its faced similar accusations itself.

[Image Source: Doyle]

What's worth noting is the passion in these opinions, passion Samsung bought with its ad spending and legal war with Apple. Even if Samsung has lost some crucial decisions in that legal war, convincing some that it was a "follower", in many ways that discussion has added value to the Samsung brand. As Oscar Wilde famously stated, "There is only one thing in life that is worse than being talked about, and that is not being talked about."

Microsoft Corp. (MSFT) played this angle to perfection the 1980s. Many initially derided Windows as a "clone" of Mac OS (which was in turn a "clone" of Xerox Corp.'s (XXRX) PARC GUI, in many regards). The Microsoft flames were further fanned by the high profile antitrust case of the late 1990s. These controversies helped Microsoft grow its brand image and become a talking point -- even if they did so via negativity.



Apple was widely accused of lifting its GUI design from Xerox. [Image Source: Ping.it]

It is inarguable that Samsung's '[Next Big Thing](#),' and 'It's Time to Change' campaigns are focused on casting it as pioneer in the "innovator" versus "follower" debate. Some might assume that this is due to Samsung being [eager to offset the damage](#) that its [recent lawsuit loss to Apple in federal court](#) resulted in.

But that perspective fails to acknowledge the value the case had for Samsung in some ways, in terms of publicity. It also fails to recognize that every firm -- including Apple -- wants to appear an innovator. Apple's new iPad Air ad, and Amazon.com, Inc.'s ([AMZN](#)) cheeky parody both look to cast their products as unique innovations:

There will always be some with a bone to pick with Samsung. Some might be Apple shareholders who would profit off Samsung's misfortune. Indeed, in its federal court loss against Samsung some of the jurors reportedly had family members that [were Apple shareholders](#). Others might have a personal issue with Samsung or its partners -- for example, the jury foreman in the federal trial [had been sued by a company tied to Samsung](#). Coincidentally he was accused of delivering misleading instructions, which helped guide the jury to a "guilty" verdict.

The same principle applies to Apple, who surely is less than beloved by Samsung's investors or disgruntled former employees. The bottom line is that brand image is a lot like popularity -- most want to be popular, but you'll always have some people who won't like you no matter what you do.

#### **V. The Only Thing Worse Than Being Talked About is Not Being Talked About**

The *Reuters* piece fixates on the fact that Samsung is eager to change the "copycat" label leveled [by Apple](#). It points to Samsung's language and its advertising of features like its [hands-free user interface in the Android-powered Galaxy S IV](#) and its [curved television displays](#).

It quotes [Oh Jung-suk](#), an associate professor at the business school of [Seoul National University](#), who comments:

*Samsung's marketing is too much focused on projecting an image they aspire to: being innovative and ahead of the pack. They are failing to efficiently bridge the gap between the aspiration and how consumers actually respond to the campaign. It's got to be more aligned.*

The Professor's criticism may be valid, but that's more of a knock on the advertising Samsung's partners gave it, not evidence of whether its products are viewed as "innovative" or "copycat" devices.



Apple wasn't afraid to "copy" Samsung and move to larger screen sizes when the market demanded it to.

Most major tech firms -- including both Apple and Samsung -- want customers to view them as innovators. And most major tech firms -- including Apple and Samsung -- have been [accused of being copycats](#).

Samsung may end up having to [pay to license Apple's patents](#). But then again Apple [has to pay to license Nokia](#) Oyj.'s ([HEX:NOK1V](#)) patents. These deals boil down to a simple reality -- it is almost impossible to design a product that shares nothing with past products.

The South Korean company owns 30,000 patents in the U.S. and over 100,000 patents worldwide. Even assuming it only "invented" half of those and bought the rest via acquisitions, auctions, etc., you're still talking about one of the biggest patent portfolios in the market. It looks downright silly to say Samsung isn't innovative when you see these numbers.

### Advanced R&D

- Next generation telecommunication
- Smart home solution
- Holographic display
- Next generation memory based on new material (resistive RAM, magnetic RAM)
- :



Samsung owns over 100,000 patents worldwide.

Again, *Reuters* misses the big picture -- that in the last decade and a half Apple and Samsung have both made the journey from companies that few cared to heartily praise, much less fixate on criticizing, to companies that are at the top of the market and at the center of [a firestorm of controversy](#).

#### VI. Galaxy Gear Sales Echo the iPad

If anything Samsung's brand is helping it achieve some extraordinary things sales-wise. For example its heavy advertising of [the Galaxy Gear](#), a wearable smartwatch device that received generally lukewarm reviews managed to drive major sales of the device.



Galaxy Gear Smartwatch

Critics -- like the *Reuters* piece -- will be quick to chalk up the 800,000 units Samsung sold in two months was an epic failure. The device launched aside the Galaxy Note 3 Android phablet, and was billed as the perfect partner device. If less than one in five customers bought that pitch, the device was a massive failure, right?

That's a spectacularly silly argument because it misses the big picture. Samsung in two months moved nearly a million units of a product in a niche other companies had consistently failed to generate interest in. Further it managed to do so with a product that reviewers criticized as [under-featured and overpriced](#). The Galaxy Gear is priced substantially higher in terms of up-front expenses (at \$300 USD) than a discounted Note 3 with two-year contract (\$170-200 USD with contract, \$780 USD unlocked).



For a 800,000 customers in two months to buy in to a product that reviewers say isn't that great, which has a massive price tag, and which is in a niche that at present is "emerging" at best is a simply Herculean feat.

If anything, this should be viewed as a massive success, somewhat analogous to [Apple's 2010 iPad launch](#). The iPad moved ["only" 1 million units](#) in its first month on the market -- pathetic by current standards.

At the time of its launch the iPad was in [a niche that had failed to excite](#) (tablet computers) and was [derided to the point parody](#) by some critics. The criticisms were similar -- it was under-featured (there weren't enough apps, it couldn't run Office, etc.) and overpriced.



A 2010 iPad parody; the iPad faced similar criticisms to the Galaxy Gear -- people thought it was redundant, underfeatured, and lacked apps. Yet Apple's marketing built it into a star product. [Image Source: Mulaz.org]

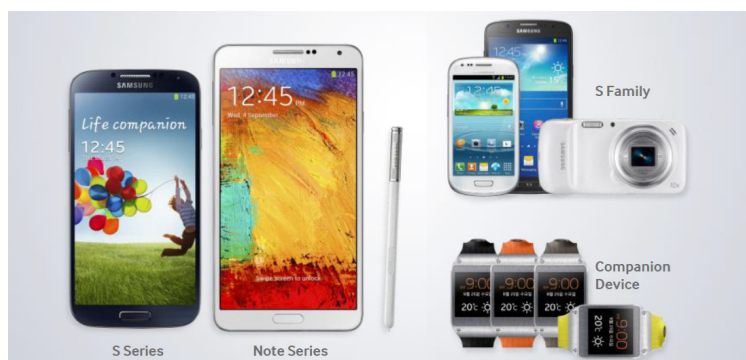
But the iPad's early sales proved critics wrong. Now Galaxy Gear sales are threatening to do the same, forcing critics to double down on their rhetoric.

## VII. You Can't Argue With Success, But You Can Sure Try

In the end it'd be wise to consider all the numbers and analysis -- Interbrand's, *Forbes*, and others -- taking any individual analyst's opinion with a grain of salt. But it's equally important to look at hard sales results in units moved and dollars made, not nebulous quantities in imaginary units like "brand value".

Samsung is spending a lot. But it is growing fast, and is pushing notable sales in product niches that were predicted to fail miserably like the "smartwatch" segment. Better still, it's become a household name.

That hasn't come cheap. But what makes it hard to say whether Samsung is getting good or bad value out of its spending is not only the fact that it's seen so much good come from the spending, but also simply because it's such a diverse company. Breaking down Apple's advertising return on interest is much more trivial as it only has a handful of major product lines, each of which have just a few major models.



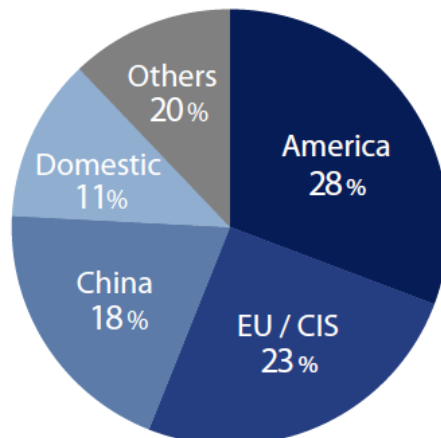
Samsung today is a key player in multiple markets.

Samsung's product is scattered across dozens of market spaces, many of which Samsung is a serious competitor in. Advertising so many different things is inherently costlier and carries a far greater risk of being misunderstood by those who see the company in 2D, taking a narrow slice like "mobile" and basing their entire analysis around that slice.

Another factor making Samsung a hard target for analysis is its role as a global brand. Until a few months ago Apple smartphones outsold Samsung in the U.S. -- but Samsung outsold Apple by healthy margins overseas. Samsung's revenue is much spread out around the globe than Apple's, which remains concentrated most heavily in the U.S.



## By Geography



2013.1H

Samsung's sales are spread out across the globe, requiring a more diverse ad approach.

The need for global recognition is a critical and expensive advertising objective for Samsung. It's no coincidence that Samsung has been the official sponsor of all of the past eight Winter and Summer Olympics.

In addition to the Sochi Winter Olympics Samsung's latest campaign focuses on the mid-2014 World Cup in Brazil. Samsung has recruited the advertising rights to 11 of the world's top soccer (football) players, including Argentine striker Lionel Messi. In the new ads it shows them facing off in a soccer match against a collective of hostile aliens, saving the world with the help of Galaxy devices.

That kind of celebrity advertising power and sponsorship of such a massive event obviously isn't cheap. And in many regards it's representative of why Samsung's position is so unique. Samsung is a big spender on advertising. But for those who think it's a big loser, spending too much look at all the gains Samsung has made. You can't argue with success. And success is all too often inexorably tied to publicity.

Source: [Reuters](#)

"We can't expect users to use common sense. That would eliminate the need for all sorts of legislation, committees, oversight and lawyers." -- Christopher Jennings



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